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PROJECT BUDGET REVISION FOR APPROVAL BY THE REGIONAL DIRECTOR

5) To: David Kaatrud	Initials	In Date	Out Date	Reason for Delay
Regional Director				
4) Through: Peter Guest	Initials	In Date	Out Date	Reason for Delay
Programme Adviser, RB				
3) Through: Tommy Thompson	Initials	In Date	Out Date	Reason for Delay
Logistic Officer, RB (change in LTSH and/or External Transport)				
2) Through: Zainab Alkhdaire	Initials	In Date	Out Date	Reason for Delay
Resource Management Analyst, RB				
1) From: Stephen Kearney	Initials	In Date	Out Date	Reason for Delay
Timor Leste Country Office	SK		1.11.16	

**Timor Leste, project 200770
BR No.2**

Total revised number of beneficiaries	78,580
Duration of entire project	1 January 2015 – 31 December 2017
Extension / Reduction period	12 months ext
Gender market code	2A.
WFP food tonnage	1,568

Start date: 1 Jan 2015 **End date:** 31 Dec 2016 **Extension/Reduction period:** 12 mths **new end date:** 31 Dec 2017

Cost (United States dollars)

	Current Budget	Increase & (Decrease)	Revised Budget
Food and Related Costs	US\$ 2,784,797	US\$ 771,814	US\$ 3,556,611
Cash and Vouchers and Related Costs	US\$ -	US\$ -	US\$ -
Capacity Development & Augmentation	US\$ 4,721,868	US\$ 1,933,531	US\$ 6,655,399
DSC	US\$ 1,676,278	US\$ 993,711	US\$ 2,669,989
ISC	US\$ 642,806	US\$ 258,934	US\$ 901,740
Total cost to WFP	US\$ 9,825,749	US\$ 3,957,990	US\$ 13,783,739

CHANGES TO:

Food Tool

DEMT

- ☒ Commodity Value
☒ External Transport
☒ LTSH
☒ ODOC

C&V Tool

- ☐ C&V Transfers
☐ C&V Related Costs

- ☒ CD&A
☒ DSC
☒ Project duration
☐ Other

Project Rates

- ☒ LTSH (\$/MT)
☒ ODOC (\$/MT)
☐ C&V Related (%)
☒ DSC (%)



NATURE OF THE DECREASE/INCREASE

1. *This budget revision proposes to adjust the capacity development, food requirement plan and associated costs for the Targeted Supplementary Feeding Programme (TSFP) in a number of ways.*
 - a. *Firstly the budget revision encompasses a twelve month project extension in time to ensure continuation of the programme whilst the Country Strategy Plan is completed. The programme performance indicators for TSFP will remain as per the current logframe (coverage rate, recovery rate, death rate, default rate and non-response rate).*
 - b. *Secondly, it makes revision to the caseload and tonnage plan for the TSFP activities. Initially the project plan estimated a 4 month length of stay (LOS) for children under five. Despite efforts to improve the programme performance, the level of coverage of the programme has been lower than expected at the same time as defaulter rates remain high in 2016, resulting in excess stocks of RUSF being available. Hence, taking into account lower programme coverage and high defaulter rates in the requirements of RUSF in 2016 (and the 2017 extension), the theoretical average LOS is now reduced to 2 months to reflect the low uptake of nutrition services in the country. In practice, the expected LOS for children treated under the TSFP continues to be around 3 months. Likewise, based on existing level of programme coverage, the caseload calculation for PLW has also been adjusted.*
2. *This budget revision also increases the budget line of the CD&A and DSC. The increase to CD&A and DSC reflects the additional work to be carried out in the twelve months from January to December 2017.*
3. *The specific adjustments to the budget revision are to:*
 - *Extension in time by 12 months;*
 - *Overall increased the Timor Vita requirements by 328 MT, valued at \$438,800;*
 - *Increase RUSF by 71 mt, valued at US\$ 218,300;*
 - *Increase the CD&A cost by US\$ 1,933,531*
 - *Increase the associated cost (net of LTSH, ODOC and DSC) by US\$ 1,086,073*
 - *Increase the indirect support costs (ISC) by US\$ 258,934*
4. *This budget revision has an impact on the number of TSFP beneficiaries – year 2 (2016) numbers have decreased from 35,000 to 27,790, whilst an additional 27,790 beneficiaries are also added for 2017. The decrease in 2016 is due to the above cited (1.b) reason – lower coverage than anticipated combined with higher default rates than anticipated.*

JUSTIFICATION FOR THE REVISION

Summary of existing project activities

5. *In 2014 WFP was requested by the Ministry of Health to support their efforts to address the high rates of moderate acute malnutrition (MAM) and to provide technical advice to enable the nascent government to build capacity in this area.*

This built on work under previous WFP projects that established a factory to produce fortified blended foods (Timor Vita) in country.

6. Under DEV 200770, WFP provides:

- *Targeted supplementary feeding to children under the age of five years showing signs of MAM;*
- *Provides nutrition support for pregnant and lactating women.*
- *Provides technical advice and guidance to the Ministry of Health at all levels to build capacity within the government work force to manage nutrition interventions; and*
- *Provides support to establish a reliable supply chain management and M&E systems;*
- *Community mobilisation, BCC and community nutrition education support.*

Conclusion and recommendation of the re-assessment

- 7. *The commercial partner managing the Timor Vita factory faced financial difficulties in 2014 leading to a cessation of production for a one year period. WFP therefore negotiated with the donors to redirect some of the contribution to purchase an equivalent fortified food for children from outside the country. WFP's main partner, the Ministry of Health supported this change. Timor Vita remains the preferred commodity for PLW, and Timor Vita is now back on-line (having recommenced production in October 2015). The replacement product for children (RUSF) has seen significant improvements in the cure rate for children (from under 15% to now 60%).***
- 8. *WFP would prefer to have an alternate product (SC+) for PLW available, but the Government (and donor) preference is currently for local production. WFP will continue working with partners to minimise the risks associated with single sourcing locally.***

Purpose of change in project duration and/or budget increase/decrease

- 9. *Project to be extended by twelve months to more realistically reflect the capacity development nature of project – which requires a greater than two year intervention. An extension will also allow the next Demographic Health Survey (report due mid 2017) to influence programmatic changes associated with the Country Strategic Review and Plan (also due to be completed in 2017). The main donor (EU) has already indicated a willingness to fund an extension to the amount of US\$ 720,000. KOICA has agreed to a no cost extension for their remaining funds, and the WFP Country Office will prioritise raising other funds from Government sources – predominantly the Ministry of Health.***

FOOD REQUIREMENTS

- 10. *Additional RUSF is required due to extension of the project. Additional Timor Vita will also be purchased in order to cover PLW till end 2017. Note WFP is currently the sole purchaser of***



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Timor Vita and buying the required volume in one order, with staggered delivery dates, will prevent price increases.

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY [OR COMPONENT]

Activity [or Component]	Commodity ¹ /	Food requirements (mt)		
		Current	Increase / Decrease	Revised total
PLW	Timor Vita	808	328	1,136
Child 6-59 mths	RUSF	359	71	430
TOTAL		1,169	399	1,568

Hazard / Risk Assessment and Preparedness Planning (if applicable)

11. There are no significant changes to risk as a result of this budget revision.

¹ Please only present overall food requirement. Do not split by commodity.


ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>	-	-	
Cereals	-	-	
Pulses			
Oil and fats			
Mixed and blended food	399	657,098	
Others			
Total Food Transfers	399	657,098	
External Transport		22,354	
LTSH		69,970	
ODOC Food		22,392	
Food and Related Costs			771,814
C&V Transfers			
C&V Related costs			
Cash and Vouchers and Related Costs			
Capacity Development & Augmentation			1,933,531
<i>Direct Operational Costs</i>			2,705,345
Direct support costs			993,711
Total Direct Project Costs			3,699,056
Indirect support costs (7,0 percent)			258,934
TOTAL WFP COSTS			3,957,990



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ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff *	90,312
General service staff **	173,298
Danger pay and local allowances	21,864
Subtotal	\$285,474
Recurring and Other	\$341,475
Capital Equipment	\$284,194
Security	0
Travel and transportation	\$82,568
Assessments, Evaluations and Monitoring²	0
TOTAL DIRECT SUPPORT COSTS	\$993,711

* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

** Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff - General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

² Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.